

The Italian text prevails over the English translation

**SAIPEM S.p.A.**

**ORDINARY SHAREHOLDERS' MEETING**

**MAY 3, 2018**

Resolution proposals by the Board of Directors on item 1 of the Meeting Agenda.

**1) STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2017 OF SAIPEM S.P.A. RELEVANT RESOLUTIONS. PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2017. REPORTS BY THE BOARD OF DIRECTORS, THE STATUTORY AUDITORS AND THE EXTERNAL AUDITORS. PRESENTATION OF THE CONSOLIDATED NON-FINANCIAL STATEMENT FOR THE YEAR 2017.**

“Messrs. Shareholders,

the Annual Report of Saipem S.p.A. (the “Company”) at December 31, 2017, containing the draft consolidated and statutory financial statements of Saipem S.p.A., the Directors’ Report and the declaration pursuant to art. 154-bis, paragraph 5 of Legislative Decree 58/1998, will be made available to the public in accordance with the law at Saipem’s headquarters and shall be published on Saipem’s website ([www.saipem.com](http://www.saipem.com)), on the authorised “*eMarket STORAGE*” mechanism ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the website of Borsa Italiana S.p.A. ([www.borsaitaliana.it](http://www.borsaitaliana.it)), together with Saipem’s Press Releases dated

March 5, 2018 and March 21, 2018, and subsequent disclosures in execution of Consob Resolution no. 20324 dated March 2, 2018.

The Consolidated Non-Financial Statement has been published in a specific section of the Directors' Report.

The Reports by the External Auditors and by the Board of Statutory Auditors will also be made available to the public together with the Annual Report.

Please refer to the aforementioned documents.

Messrs. Shareholders,

- a) You are invited to approve Saipem's Statutory Financial Statements at December 31, 2017, which recorded a loss for the year of €495,757,929.98.
- b) We propose to cover the aforementioned loss by utilizing available reserves and specifically the "share premium reserve" for the whole amount of €495,757,929.98.

**SAIPEM S.p.A.**  
**ORDINARY SHAREHOLDERS' MEETING**  
**MAY 3, 2018**

Report by the Board of Directors on item 2 of the Meeting Agenda.

**2) ESTABLISHING THE NUMBER OF BOARD DIRECTORS.**

“Messrs. Shareholders,

The mandate of the current Board Directors, granted by the Shareholders' meeting of April 30, 2015, will expire at the General Shareholders' Meeting called to approve the 2017 Financial Statements.

Art. 19 of the Articles of Association provides that the Board of Directors be comprised of a minimum of five and a maximum of nine members.

The aforementioned Shareholders' Meeting had set at nine the number of Board Directors.

The Board of Directors, in its recommendations to the Shareholders on the size and composition of the new Board, deems the current number of nine directors, the maximum provided for by the Articles of Association, to be appropriate because it ensures an adequate balance of skills and experience required by the complexity of the business of the Company and the Saipem Group and a balanced participation in board committees.

The Board of Directors therefore proposes to maintain at nine the number of Board Directors to be appointed by the Shareholders'

Meeting”.

**RESOLUTION PROPOSAL**

“Messrs. Shareholders,

You are called to set at nine the number of Board Directors to be appointed by the Shareholders’ Meeting”.

**SAIPEM S.p.A.**  
**ORDINARY SHAREHOLDERS' MEETING**  
**MAY 3, 2018**

Report by the Board of Directors on item 3 of the Meeting Agenda.

**3) ESTABLISHING THE DURATION OF THE BOARD  
DIRECTORS' MANDATE.**

“Messrs. Shareholders,

Pursuant to art. 19 of the Articles of Association, the Directors' maximum term of office is set at three years and expires on the date that the Shareholders' meeting is convened to approve the Financial Statements for the last year of their term.

The Board of Directors proposes that the Shareholders' Meeting set the maximum term of office for the next Board Directors at three years, expiring on the day the Shareholders' meeting is convened to approve the Financial Statements at December 31, 2020”.

**RESOLUTION PROPOSAL**

“Messrs. Shareholders,

You are invited to appoint the Board Directors for the years 2018, 2019 and 2020; their mandate shall expire on the day the Shareholders approve the Financial Statements at December 31, 2020”.

**SAIPEM S.p.A.**  
**ORDINARY SHAREHOLDERS' MEETING**  
**MAY 3, 2018**

Report by the Board of Directors on item 4 of the Meeting Agenda.

**4) APPOINTMENT OF BOARD DIRECTORS.**

“Messrs. Shareholders,

pursuant to art. 147-*ter* of Legislative Decree 58/1998 and art. 19 of the Company's Articles of Association, the Shareholders' Meeting appoints the Board of Directors from voting lists, in which candidates are allocated a progressive number.

Lists presented by the Shareholders must be filed, as indicated in the notice of Shareholders' Meeting, at least 25 days prior to the Shareholders' Meeting, i.e. by April 8, 2018 which has been extended to the next working day April 9, 2018.

Each Shareholder may present, or participate in presenting, only one list and vote only for one list, in compliance with the Law and applicable regulations.

Each candidate may appear in one list only, otherwise they will be deemed ineligible.

Lists may be presented by shareholders who, individually or jointly, hold shares amounting to at least 1% of the ordinary share capital, in compliance with Consob Resolution no. 20273 of January 24, 2018.

Legal ownership of the minimum shareholding required to present a list is based on the number of shares registered as owned by the Shareholder on the day of filing with the Company. The relevant documentation may be produced after filing, but before the Company is required to publish the lists (i.e. by 18.00 hrs on April 12, 2018).

Art. 19 of the Articles of Association makes specific provisions regarding the lists composition vis-à-vis gender balance legislation, pursuant to Law no. 120 dated July 12, 2011. According to this Law, at least one third of Directors to be appointed must be of the least represented gender.

Lists which contain three or more candidates must include candidates of different genders. Since the number set by law of representatives of the least represented gender is at least three (corresponding to a third of Board members), the lists for the appointment of the majority of Board of Directors' members must include at least two candidates of the least represented gender in the list.

Each list must be filed along with the following documents:

- the identity of the Shareholders who have presented the lists and the overall percentage of ownership of Saipem share capital held;
- the curriculum vitae of each candidate containing adequate personal and professional information, including the number of managerial offices held at other companies;
- statements by each candidate accepting his/her nomination and affirming, under their own responsibility, the absence of any grounds making him/her ineligible or incompatible for such position

and that he/she satisfies the professional and integrity requirements set forth in current legislation and regulations;

- statements by each candidate affirming that he/she meets the requirement of independence set forth by the Articles of Association and by article 148, paragraph 3, of Legislative Decree 58/1998, as also referred to in article 147-ter, paragraph 4 of the same Decree. Statements must also contain that candidates meet the independence requirements as per art. 3 of the Corporate Governance Code;
- a statement by Shareholders other than those who severally or jointly hold a controlling or majority shareholding, certifying the absence of direct or indirect relationships with Shareholders who individually or jointly hold a controlling or relative majority interest (as recommended by Consob Communication No. DEM/9017893 of February 26, 2009).

The lists, together with the aforementioned information, will be made available at Saipem's headquarters and shall be published on Saipem's website, on the authorised "eMarket STORAGE" mechanism and on the website of Borsa Italiana S.p.A. at least twenty-one days prior to the date set for the Shareholders' Meeting in single call, i.e. by April 12, 2018.

At least one Director, if the Board comprises a maximum of seven members, or at least three Directors, if the Board comprises more than seven members, shall meet the independence requirements in compliance with current legislation applicable to Statutory Auditors of listed companies.

Shareholders are also invited to take into consideration the independence



requirements and the number of independent Directors recommended by art. 3 of the Corporate Governance Code

The independent candidates shall be expressly indicated in each list.

All candidates shall also meet the integrity requirements applicable to the statutory auditors of listed companies under Article 148, paragraph 4, of Legislative Decree 58/1998, which also applies to directors pursuant to Article 147-*quinquies*, paragraph 1, of Legislative Decree 58/1998.

The Italian Corporate Governance Code advises Shareholders, in submitting their lists and subsequently appointing directors, to consider, in light of the recommendations expressed by the Board on the issue, the professional qualifications, experience, including managerial experience, and types of candidates, in respect of the size of the issuer, the complexity of its activities and the specific characteristics of the business sector in which it operates, as well as the size of the Board of Directors.

The Board of Directors, having consulted the Board Committee “Corporate Governance and Scenarios” and taken into account the outcome of the Board review for the year 2017, expressed its recommendations to the Shareholders on the size and composition of the new Board (*“Saipem’s Board of Directors’ recommendations to the Shareholders on the size and composition of the new Board of Directors”*), which was published and is attached to this report.

The Italian Corporate Governance Code advises Shareholders, in submitting their lists, to make their selection in light of the aforementioned recommendations.

Furthermore, the Italian Corporate Governance Code stresses that it is good practice for those Shareholders, which control the Issuer, if any, or those that can exercise significant influence over the Issuer notify the public well in advance of the meeting regarding proposals they wish to put forward at the Shareholders' Meeting on items for which the Directors had not, or could not, prepare a specific proposal.

Directors are elected as follows:

- a) seven-tenths of the Directors to be elected shall be drawn from the list that receives the most votes of the Shareholders in the order in which they appear on the list, rounded off in the event of a decimal number to the next lowest whole number;
- b) the remaining Directors shall be drawn from lists that shall not be connected in any way, directly or indirectly, to the Shareholders who have submitted or voted the list that received the largest number of votes. For this purpose, the votes received by each list shall be divided by one, two or three, depending upon the number of directors to be elected. The quotients, or points, thus obtained shall be assigned progressively to candidates of each list in the order given in the lists themselves. The candidates of all the lists shall be ranked by the points assigned in a single list in descending order. Those who receive the most points shall be elected. In the event that more than one candidate receives the same number of points, the candidate elected shall be the person from the list that has not hitherto had a Director elected, or that has elected the least number of directors. In the event that none of the lists has yet had a Director elected, or that all of them have had the same

number of directors elected, the candidate among all such lists who has received the highest number of votes shall be elected. In the event of equal list votes and equal points, the entire Shareholders' Meeting shall vote again and the candidate elected shall be the person who receives a simple majority of the votes;

c) if the minimum number of independent Directors required under these By-laws has not been elected following the above procedure, the points to be assigned to the candidates drawn from the lists shall be calculated by dividing the number of votes received by each list by the ordinal number of each of these candidates; the candidates who do not meet the requirements of independence with the fewest points from among the candidates drawn from all of the lists shall be replaced, starting from the last, by the independent candidates, from the same list as the replaced candidate (following the order in which they are listed), otherwise by persons meeting the independence requirements appointed in accordance with the procedure set out in letter d). In cases where candidates from different lists have received the same number of points, the candidate from the list from which the largest number of directors has been drawn or, subordinately, the candidate drawn from the list receiving the lowest number of votes, or, in the event of a tied vote, the candidate that receives the fewest votes of the Shareholders' Meeting in a run-off election, shall be replaced;

c-bis) if the application of the procedure set out in letters a) and b) does not permit compliance with the gender-balance rules, the points to attribute to each candidate drawn from the list shall be calculated by

dividing the number of votes received by each list by the ordinal number of each of these candidates; the candidate of the over-represented gender with the fewest points from among the candidates drawn from all of the lists shall be replaced, without prejudice to the compliance with the required minimum number of independent directors, by the member of the least-represented gender who may be listed (with the next highest ordinal number) on the same list as the candidate to be replaced, otherwise by a person to be appointed following the procedure set out in letter d). In cases where candidates from different lists have received the same minimum number of points, the candidate from the list from which the largest number of directors has been drawn or, subordinately, the candidate drawn from the list receiving the fewest number of votes, or, in the event of a tied vote, the candidate that receives the fewest votes of the Shareholders' Meeting in a run-off election, shall be replaced;

d) to appoint Directors who for any reason were not appointed pursuant to the above procedures, the Shareholders' Meeting shall resolve, with the majorities required by law, to ensure that the composition of the Board of Directors complies with applicable law and the By-laws".

### **RESOLUTION PROPOSAL**

"Messrs. Shareholders,

You are invited

- to appoint the Board Directors, voting one list from those presented and published in compliance with the provisions of the Articles of Association".

**SAIPEM S.p.A.**  
**ORDINARY SHAREHOLDERS' MEETING**  
**MAY 3, 2018**

Report by the Board of Directors on item 5 of the Meeting Agenda.

**5) APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS.**

“Messrs. Shareholders,

pursuant to art. 21 of the Articles of Association, the Board of Directors appoints the Chairman of the Board, selecting him/her from its members, if the Shareholders' meeting has failed to do so.

The Board of Directors, in its recommendations to the Shareholders on the size and composition of the new Board, has provided direction vis-à-vis the office of Chairman of the Board of Directors”.

**RESOLUTION PROPOSAL**

“Messrs. Shareholders,

You are invited

- to propose and vote to appoint, as Chairman of the Board, one of the Directors previously nominated, or leave it to the Board of Directors to make the appointment”.

**SAIPEM S.p.A.**  
**ORDINARY SHAREHOLDERS' MEETING**  
**MAY 3, 2018**

Report by the Board of Directors on item 6 of the Meeting Agenda.

**6) ESTABLISHING THE REMUNERATION OF BOARD DIRECTORS.**

“Messrs. Shareholders,

pursuant to art. 24 of the Articles of Association, the Directors are entitled, on an annual basis and for the term of their office, to the remuneration set by the General Shareholders' meeting at the time of their appointment.

We remind the Shareholders that, currently, the gross remuneration for each Director is €60,000 per annum, plus expenses.

This remuneration shall remain valid until decided otherwise by the Shareholders' Meeting.

We ask you to establish remuneration in line with the benchmark of comparable companies”

**RESOLUTION PROPOSAL**

“Messrs. Shareholders,

You are invited

- to establish the annual remuneration for Board Directors - and, if proposed by the Shareholders, the remuneration of the Chairman of the Board - for the duration of their mandate by voting one of the proposals put forward at the Shareholders' Meeting”.

**SAIPEM S.p.A.**  
**ORDINARY SHAREHOLDERS' MEETING**  
**MAY 3, 2018**

“Reasoned opinion by the Board of Statutory Auditors on item 7 of the Meeting Agenda”.

**7) ADDITIONAL FEES TO THE EXTERNAL AUDITORS.**

“Messrs. Shareholders,

The external audit firm EY S.p.A. has requested the recognition of additional fees for the following work:

(i) €80,000 (of which €60,000 is for work carried out by EY Milan and €20,000 for work carried out by EY UK) relating to additional audit activities on the Consolidated and Statutory Financial Statements of Saipem S.p.A. at December 31, 2017, required mainly by changes in the market context. Specifically:

- in-depth study of methodologies applied to assess the recoverable value of Group cash generating units;
- additional audit procedures of the impairment test carried out by the Company on Group cash generating units;
- additional audit procedures on the Consolidated and Statutory Financial Statements at December 31, 2017 outwith the scope outlined in the original proposal;
- audit of the information provided in the Consolidated and Statutory



Financial Statements at December 31, 2017 in respect of the *impairment test*;

- analyses of assumptions and sources underpinning the Saipem Strategic Plan 2017-2020, also by comparing benchmark data and analysts' reports.

(ii) €5,987 for additional audit work related to branches of Saipem S.p.A. for the financial year 2017. Specifically, additional activities outwith the original scope were required with respect to:

- 4 relevant branches: Kuwait, Kuwait Joint Operation, Norway and, Sharjah;

- 1 less relevant branch: Russia Anapa.

(iii) €30,999 for additional audits on the internal control system carried out by EY SpA (Milan). Specifically, the work focused on the so-called "*Fraud Risk Work Program*" involving some subsidiaries of Saipem S.p.A., and focused on additional audits of the Consolidated and Statutory Financial Statements of Saipem S.p.A. at December 31, 2017.

(iv) €46,786 for additional audits on the internal control system, specifically, audits called "*Entity Level Control*" (ELC) and "*Process Level Control*" (PLC), which were additional to the work carried out for the financial year 2016.

Work related to process and entity level controls was required following the structural reorganisation launched by Saipem S.p.A. on May 1, 2017.

(v) €3,800 for the year 2017 concerning:

- audit of IT (*Information Technology*) controls carried out at HP's office, Saipem's service provider: audit of the design and operation of

controls regulating IT infrastructures for the purposes of the legal audit of the financial statements;

- audit of ITGCs (*Information Technology General Control*) relating to the “*RCM and Splunk*” supporting tools: audit of the design and operation of controls concerning both the infrastructure and tools used by Saipem S.p.A. for the purposes of the legal audit of the financial statements. The proposal provides for the same work to be carried out also for the financial year 2018.

(vi) €10,000 for work concerning the centralisation and management of the exchange rate risk, vis-à-vis the effects of hedge accounting as set forth in IAS 39, on the Consolidated Financial Statements. This work was required following the substantial changes to the Company organisation in terms of finance, treasury and risk management occurred over the years 2015-2016 and 2017.

(vii) €102,673 for audit work relating to the financial year 2017, which was outwith the scope of the proposal dated March 2, 2010 and approved by Saipem’s Shareholders’ Meeting on April 26, 2010. This work was required by regulatory changes, which have resulted in the external auditors having new obligations requiring complex activities for the legal audit of accounts, namely:

- A) the new audit model which shall include key audit matters( “KAM”);
- B) a new additional report destined for the Board of Statutory Auditors;
- C) the new opinion on the compliance with the legal requirements for the Directors’ Report, pursuant to Legislative Decree No. 139/2015 which amended Legislative Decree No. 39/2010. This legislation, regulating the

legal audit of Annual and Consolidated account, requires the external auditors, pursuant to art. 14, paragraph 2, letter e), to state that the information contained in the Directors' Report is consistent with the information provided in the Financial Statements.:

1. also stating that this information complies with current legislation;
2. issuing a separate statement detailing significant errors, if any, encountered in the Directors' Report, in light of the knowledge of the Company that the external auditor has gained during the legal audit of accounts;

D) audit of the non-financial statement, since the entity entrusted with the legal audit of accounts is also responsible for ensuring the preparation of the non-financial statement.

The proposal provides for the same work to be carried out also for the financial year 2018.

(viii) €83,854 for additional audit procedures on the internal control system carried out by the EY network outside Italy. Specifically, this work concerns the "*Fraud Risk Work Program*" involving some subsidiaries of Saipem S.p.A., which increased the audit procedures of the Consolidated and Statutory Financial Statements of Saipem S.p.A. at December 31, 2017.

All of the above work involved additional fees for the legal audit of the Consolidated and Statutory Financial Statements at December 31, 2017 totalling €1,014,099, compared to the original proposal dated March 2, 2010 approved by the Shareholders' Meeting on April 26, 2010, which was required by events that could not have been foreseen at the time the

assignment was awarded.

The Board of Statutory Auditors found that the above mentioned financial demands submitted by the external auditors:

- are in line with the provisions of the Frame Agreement no. 1437/2010/APR-CCT-C between Eni SpA and Reconta Ernst & Young SpA dated May 10, 2010, and agreements between Saipem SpA and EY SpA, with regard to the use of standard hourly rates by professional category and their professional mix, amounting to a total of €18,112 as detailed in items (i),(iii),(iv),(v),(vi),(vii) and (viii);
- are in line with the provisions of the Frame Agreement no. 1437/2010/APR-CCT-C between Eni SpA and Reconta Ernst & Young SpA dated May 10, 2010, and agreements between Saipem SpA and EY SpA, with regard to the use of standard hourly rates by professional category and an adequate professional mix required by the complexity of item (ii), amounting to €5,987.

The Board of Statutory Auditors proposes that the Shareholders' meeting approve the payment of additional fees to the company EY SpA amounting to a total of €1,014,099, relating to work not detailed under the original offer because pertaining to additional activities which could not have been foreseen at the time of the appointment.

The Board of Statutory Auditors”.

**SAIPEM S.p.A.**  
**ORDINARY SHAREHOLDERS' MEETING**  
**MAY 3, 2018**

Report by the Board of Directors on item 8 of the Meeting Agenda.

**8) REMUNERATION REPORT: POLICY ON  
REMUNERATION.**

“Messrs. Shareholders,

at the proposal of the Compensation and Nomination Committee, the Board of Directors approved the Remuneration Report, drawn up in compliance with art. 123-*ter* of Legislative Decree No. 58/98 and art. 84-*quater* of Issuers' Regulations.

Pursuant to paragraph 6 of art. 123-*ter* of Legislative Decree No. 58/98, the Shareholders' meeting is called to resolve on the first part of the Remuneration Report, illustrating the policy adopted by the Company in terms of the remuneration of members of the management bodies and senior managers with strategic responsibilities, as well as the procedures used to adopt and implement this policy. This resolution is not binding.

Please refer to the Remuneration Report approved by the Board of Directors, which will be made available to the public in accordance with the terms and procedures required by law, and will be published on the Company's website”.

## **RESOLUTION PROPOSAL**

“Messrs. Shareholders,

you are called to express in favour of the first part of the Remuneration Report approved by the Board of Directors on March 5, 2018, which illustrates the policy adopted by the Company in terms of the remuneration of members of the management bodies and senior managers with strategic responsibilities, as well as the procedures used to adopt and implement this policy”.

**SAIPEM S.p.A.**  
**ORDINARY SHAREHOLDERS' MEETING**  
**MAY 3, 2018**

Report by the Board of Directors on item 9 of the Meeting Agenda.

**9) AUTHORISATION TO BUY-BACK TREASURY SHARES  
FOR THE 2018 ALLOCATION OF THE LONG-TERM  
INCENTIVE PLAN 2016-2018.**

“Messrs Shareholders,

the Board of Directors proposes that the Long-Term Incentive Plan 2016-2018 be implemented through the buy-back of treasury shares of Saipem S.p.A. authorised by a resolution of the ordinary Shareholders' meeting, pursuant to art. 2357 of the Italian Civil Code and art. 132 of Leg. Decree 58/98, under the terms detailed in EU Market Abuse Regulation no. 596/2014, in Commission Delegated Regulation (UE) 2016/1052 dated March 8, 2016 and by general and sector-specific regulations, as well as art. 144-*bis* of Issuers' Regulations.

*1. Reasons underpinning the request to authorise the buy-back of treasury shares.*

On April 29, 2016, the Shareholders' meeting had approved the Long-Term Incentive Plan for the years 2016-2018 (hereinafter the “Plan”), whose assignees are the CEO and all Saipem managerial resources. The

plan has the following goals:

- improve alignment with shareholders' interests in the medium-long term through the allocation of stock-based incentives, whose grant is subject to the achievement of a Total Shareholder Return target against a Peer Group panel of competitors;
- focus the Company's *management* on achieving medium-long term business targets, based on a sustainable financial performance;
- ensure greater alignment of the remuneration package with market practices as a tool to retain the *management*.

The Plan provides for the free allocation of ordinary shares of Saipem S.p.A. (so called Performance Shares) from July 2016 in three annual tranches, all subject to a three-year vesting period. The shares shall be given to assignees after a three-year vesting period, subject to the attainment of two performance targets over the vesting period: a business target which measures the medium-long term financial performance (i.e. the Company's Net Financial Position) and a Total Shareholder Return target measured against a peer group panel of 11 major international competitors.

Within the share buy-back authorisation received by the Shareholders meeting on April 29, 2016, the Company had concluded the buy-back of treasury shares to be allocated to the Plan in 2016, having bought a total of 69,121,512 treasury shares.

Conversely, within the share buy-back authorisation received by the Shareholders meeting on April 28, 2017, and taking into account the reverse stock split carried out during the period, the Company has



concluded the buy-back of treasury shares to be allocated to the Plan in 2017, having bought a total of 7,841,200 treasury shares.

This authorisation is required to buy back treasury shares to cover the 2018 Plan allocation, under the terms and regulation of the Plan itself.

More detailed information on the Plan is available at [www.saipem.com](http://www.saipem.com).

*2. Maximum number and category of shares.*

Authorisation is requested to buy-back for the 2018 allocation, in one or more tranches, up to a maximum of 8,800,000 ordinary shares of Saipem S.p.A., all without par value, corresponding to approximately 0.87% of the share capital, for a total maximum outlay of €38,500,000.

Please note that as of December 31, 2017 the Company held no. 14,943,059 treasury shares, equal to approximately 1.48% of the share capital. Saipem subsidiaries do not hold any treasury shares.

*3. Information required to ascertain compliance with the provisions of art. 2357, paragraph 3, of the Italian Civil Code.*

At any time, the maximum number of treasury shares held by Saipem, including ordinary shares held by subsidiary companies, may never exceed the threshold set by current applicable legislation.

The buy-back shall occur by using the distributable profits and available reserves resulting from the latest financial statements.

The buy-back of treasury shares shall result in a decrease in net equity by posting the amount to a specific negative reserve.

For each buy-back, all necessary accounting allocations shall be made in accordance with the law and applicable accounting principles.

*4. Duration of the authorisation.*

Authorisation for the buy-back of treasury shares shall be for a maximum period of 18 months from the date of Shareholders' approval; the Board of Directors may decide to buy back ordinary shares of Saipem S.p.A. in one or more tranches at any time, in compliance with the relevant regulations, as gradually as deemed to be in the best interests of the Company.

*5. Minimum and maximum buy-back price.*

The unitary price of each buy-back shall not exceed, or be less than, the reference price of shares recorded on the trading market on the day prior to the buy-back (plus or minus 5% for the maximum and minimum price respectively). Specifically, if the purchase is carried out in a regulated trading venue, the issuer may not purchase shares at a price higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the same trading venue. Transactions must comply with art. 3 of EU Regulation no. 2016/1052.

*6. Methods for the buy-backs.*

Buy-backs shall be made on the Computerized Trading Market, pursuant to art. 144-*bis*, paragraph 1, letter b) of Issuers' Regulations and under the terms detailed in EU Market Abuse Regulation no. 596/2014, in Commission Delegated Regulation (UE) 2016/1052 dated March 8, 2016 and by general and sector-specific regulations, so as to ensure parity in the treatment of all Shareholders, as provided by art. 132 of Leg. Decree 58/98, and on regulated trading venues with the methods and operational procedures as governed by Borsa Italiana S.p.A. regulations, which do not provide for direct buy-back/sale combinations. The buy-back of

treasury shares is not a means to reduce the share capital”.

## **RESOLUTION PROPOSAL**

“Messrs Shareholders,

You are invited to approve the following resolution:

The Ordinary Shareholders’ Meeting

resolves

- 1) to authorise the Board of Directors, pursuant to art. 2357 of the Italian Civil Code, to buy back for the 2018 Plan allocation, on the Computerized Trading Market – in one or more tranches within 18 months from the date of this resolution – up to a maximum of 8,800,000 Saipem ordinary shares for a total not exceeding €8,500,000, in compliance with the methods set forth in the Regulation of Borsa Italiana S.p.A.

The unitary price of each buy-back shall not exceed, or be less than, the reference price of shares recorded on the computerised trading market on the day prior to the buy-back (plus or minus 5% for the maximum and minimum price respectively). Specifically, if the purchase is carried out in a regulated trading venue, the issuer may not purchase shares at a price higher than the higher of the price of the last independent trade and the highest current independent purchase bid on the same trading venue. Transactions must comply with art. 3 of EU Regulation no. 2016/1052.

In compliance with paragraph 3 of art. 2357 of the Italian Civil Code, the number of shares to be bought back shall take into account the number of treasury shares already held by the Company;

- 2) to grant the Board of Directors all the necessary powers to implement this resolution, using proxies if necessary, including intermediaries authorised by law, as gradually as deemed in the interests of the Company, under the terms detailed in EU Market Abuse Regulation no. 596/2014, in Commission Delegated Regulation (UE) 2016/1052 dated March 8, 2016 and by general and sector-specific regulations, and in compliance with current legislation, and with the methods detailed in art. 144-*bis*, paragraph 1, letter b) of Issuers' Regulations, taking into account the relevant buy-back market practices, ensured by Consob, in compliance with art. 180, paragraph 1, letter c), of Leg. Decree 58/98, through resolution no. 16839 dated March 19, 2009".

**SAIPEM S.p.A.**  
**ORDINARY SHAREHOLDERS' MEETING**  
**MAY 3, 2018**

Report by the Board of Directors on item 10 of the Meeting Agenda.

**10) GRANTING THE BOARD OF DIRECTORS  
AUTHORISATION, PURSUANT TO ART. 2357-TER OF  
THE ITALIAN CIVIL CODE, TO USE UP TO A  
MAXIMUM OF 8,800,000 TREASURY SHARES FOR THE  
2018 ALLOCATION OF THE LONG-TERM INCENTIVE  
PLAN 2016-2018.**

“Messrs Shareholders,

in order to implement the Long-Term Incentive Plan 2016-2018, the Board of Directors proposes that the Shareholders’ meeting grant the power, pursuant to art. 2357-ter of the Italian Civil Code, authorisation to use treasury shares to serve the 2018 allocation of the aforementioned Plan”.

**RESOLUTION PROPOSAL**

“Messrs Shareholders,

you are invited to

- grant the Board of Directors authorisation, pursuant to art. 2357-ter of the Italian Civil Code:
  - use up to a maximum of 8,800,000 treasury shares, to serve the Long-term Incentive Plan 2016-2018, to be granted, free of charge, for the 2018 allocation, to the CEO and Senior Managers of Saipem and subsidiary companies identified by name at each annual Plan allocation from the Senior Managers directly responsible for business results or holding strategic positions;
- grant the Board of Directors all powers to approve the Regulations of the Long-Term Incentive Plan and identify its beneficiaries;
- grant the Chairman and the CEO all powers to implement this resolution, using proxies if necessary”.

**SAIPEM S.p.A.**  
**ORDINARY SHAREHOLDERS' MEETING**  
**MAY 3, 2018**

“Reasoned opinion by the Board of Statutory Auditors on item 11 of the Meeting Agenda”.

**11) CONFERMENT OF THE LEGAL AUDIT MANDATE FOR  
THE YEARS 2019-2027 AND APPROVAL OF ASSOCIATED  
FEES. RELEVANT RESOLUTIONS.**

“Messrs. Shareholders,

the nine-year legal audit assignment, currently conferred on EY SpA, as legal auditor of Saipem SpA and principal auditor of the Saipem Group, will expire with the approval of the financial statements at December 31, 2018.

Saipem SpA, a company belonging to the Public Interest Entities (EIP) because it is listed in regulated European markets, is subject to the provisions of European Regulation no. 537/2014, of Consob Regulation no. 11971 dated May 14, 1999 (Issuers Regulations) and Legislative Decree 39/2010 as subsequently amended by Legislative Decree 135/2016 implementing Directive 2014/56/EU (hereinafter Legislative Decree 39/2010).

These regulations applicable to the Company, require to ensure that the audit mandate is conferred through a tender process in compliance with

the provisions of Legislative Decree 39/2010.

Pursuant to art. 19, paragraph 1, letter f) of Legislative Decree 39/2010, as amended by Legislative Decree no.135/2016, the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, is:

*“responsible for the procedure applied for selecting the statutory auditors or audit firms and recommending statutory auditors or legal audit firms to be designated pursuant to Article 16 of the European Regulation”.*

Activities necessary for the performance of the tender shall be managed by a work team set up specifically by the Company on May 25, 2017, chaired by a Steering Committee: two inter-functional bodies with ad-hoc Regulations for their duties and operating methods.

The Board of Statutory Auditors has shared the proposal made by the Steering Committee, to advance the tender procedure for the assignment of the audit mandate, so that the latter is carried out at the meeting called to approve the financial statements for the year 2017, with effect from the expiry date of the current appointment conferred on EY SpA, i.e. the date of the meeting that will be called to approve the financial statements for the financial year 2018.

Bringing the conferment forward shall:

1. limit the effects of the application of the recently introduced regulatory provisions mentioned above, in particular, the prohibition for the future auditor to provide, in the year prior to the first legal audit, services related to the internal control system over financial reporting, as indicated in art. 5 of European Regulation no.537/2014



(so-called “cooling-in period”);

2. facilitate a more effective handover between the outgoing auditors and the appointed auditors, and improve the latter’s knowledge of the Saipem Group.

The Board of Directors submits the reasoned proposal prepared by the Board of Statutory Auditors on the appointment of the external auditors for the financial years 2019-2027 to the Shareholders' Meeting approval”.

**REASONED PROPOSAL BY THE BOARD OF STATUTORY AUDITORS OF SAIPEM SPA TO CONFER THE LEGAL AUDIT MANDATE FOR THE YEARS 2019-2027**

“Messrs. Shareholders,

the nine-year legal audit assignment, currently conferred on EY SpA (hereinafter “EY”), as legal auditor of Saipem SpA (hereinafter “Saipem” or “Company”) and principal auditor of the Saipem Group, will expire with the approval of the financial statements at December 31, 2018.

Saipem SpA, a company belonging to the Public Interest Entities (EIP) because it is listed in regulated European markets, is subject to the provisions of European Regulation no. 537/2014 (hereinafter “Regulation”), of Consob Regulation no. 11971 dated May 14, 1999 (hereinafter “Issuers Regulations”) and Legislative Decree 39/2010 as subsequently amended by Legislative Decree 135/2016 implementing

Directive 2014/56/EU (hereinafter Legislative Decree 39/2010).

These regulations applicable to the Company, require to ensure that the audit mandate is conferred through a tender process, in compliance with the provisions of Legislative Decree 39/2010.

Pursuant to art. 19, paragraph 1, letter f) of Legislative Decree 39/2010, as amended by Legislative Decree no.135/2016, the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee (ICAC), is *“responsible for the procedure applied for selecting the statutory auditors or audit firms and recommending statutory auditors or legal audit firms to be designated pursuant to Article 16 of the European Regulation”*. The Regulations also provide that ICAC prepare a motivated proposal for the assignment of the statutory audit engagement, which contains "at least two possible alternatives of engagement". The Board of Statutory Auditors, therefore, in its capacity as ICAC, formulates the following proposal pursuant to the applicable legislation. Activities necessary for the performance of the tender shall be managed by a work team set up specifically by the Company on May 25, 2017, chaired by a Steering Committee: two inter-functional bodies with ad-hoc Regulations for their duties and operating methods.

The Board of Statutory Auditors has shared the proposal made by the Steering Committee, to advance the tender procedure for the assignment of the audit mandate, so that the latter is carried out at the meeting called to approve the financial statements for the year 2017, with effect from the expiry date of the current appointment conferred on EY SpA, i.e. the date of the meeting that will be called to approve the financial statements

for the financial year 2018.

Bringing the conferment forward shall:

1. limit the effects of the application of the recently introduced regulatory provisions mentioned above; in particular, the prohibition for the future auditor, to provide, in the year prior to the first legal audit, services related to the internal control system over financial reporting, as indicated in art. 5 of European Regulation no.537/2014 (so-called “cooling-in period”);
2. facilitate a more effective handover between the outgoing auditors and the appointed auditors, and improve the latter’s knowledge of the Saipem Group.

#### THE ASSIGNMENT

Legislative Decree No. 58 dated February 24, 1998, (hereinafter "Leg. D. 58"), provides that listed companies and their subsidiaries subject their statutory and consolidated financial statements to legal audit and that they provide for proper accounting and the correct recording of the management facts in their accounting records. Furthermore, Consob Communication No. 97001574, dated February 20, 1997, provides that the half-yearly financial reports of listed companies be subject to limited audit procedures.

Legislative Decree No. 39/2010 and European Regulation No. 537/2014, decree that for Entities of Public Interest

- the external auditors entrusted with a company’s legal audit:

- a. expresses in a special report an opinion on the Statutory and Consolidated Financial Statements, where applicable, and illustrates the findings that emerged from the legal audit;
  - b. verifies over the year the accounting records and the correct reporting of accounting entries (art. 14 – Legislative Decree No. 39, paragraph 1);
- in the event of the audit of the Consolidated Financial Statements of a Group of companies, the auditor of the Group assumes full responsibility for the Audit Report as per Art. 14 or, where applicable, for the Audit Report as per art. 10 of the European Regulation as well as for the additional Report to the Internal Control and Audit Committee as per art. 11 of the European Regulation (art. 10- *quinquies* of Leg. Decree 39, paragraph 1).

Pursuant to Legislative Decrees 58 and 39 vis-à-vis legal audit activities, as well as Consob's recommendations vis-à-vis the half-yearly audits, the tender concerned the following work:

- legal audit of Saipem Group companies in the area covered by the Group Auditor for nine years from 2019 to 2027, specifically:
- Saipem and all Italian subsidiaries;
  - all foreign subsidiaries held on the date of the conferment of the audit mandate to the new Group Auditor;
  - associated or joint-controlled companies held on the date of the conferment of the audit mandate to the new Group Auditor, whose other Shareholders have agreed to confer their audit mandate to Saipem's auditor. For these companies, prospective

auditors have been required to tender for audit activities, which could be activated as an option by the associated or joint-controlled company once the other Shareholders have agreed;

- Additional audit work other than the legal audit of Saipem Group companies in the area covered by the Group Auditor for nine years from 2019 to 2027. These could be activated as an option, when required by law, regulations or best practices, specifically:
  - work recurrent by nature (for instance audit of branch accounts for local purposes); and
  - ad-hoc work (i.e. limited audit of consolidated interim reports in the event of bond issues as part of the *Euro Medium Term Note Programme*).

The above audit activities were identified to be all-encompassing considering, inter alia, the new regulatory obligations established with regard to the audit of the Directors' Report and the preparation of non-financial statement pursuant to Legislative Decree 254/2016.

## SELECTION PROCEDURE

The procedure to be applied to the selection of the audit firm to be appointed pursuant to art. 16 of the Regulations provides for transparent and non-discriminatory criteria in compliance with the aforementioned regulations. Specifically, the selection procedure is divided in two phases: (i) a pre-selection phase aimed at identifying audit firms with the necessary requirements to be able to participate in the tender; (ii) a second phase aimed at identifying the most suitable firm among those

participating in the tender.

Pre-selection and selection criteria were not based on the size of the audit firm. However, it is not deemed discriminatory to have tender prerequisites and evaluation criteria striving to find the best possible audit firm to suit the Company's requirements, with the aim of maximizing Shareholders' protection.

Before launching the procedure for the selection of the new audit firm for the financial years 2019-2027, Saipem has (i) developed a scoring model (hereinafter "Scoring Model") based on the key characteristics of the assignment (see following paragraph 5) and (ii) submitted to the Board of Statutory Auditors the methodological proposal, in compliance with the requirements established by law, on the process and timing for the selection of the legal auditor.

The Board of Statutory Auditors approved this methodological proposal.

#### PRE-SELECTION CRITERIA

The audit assignment for Saipem Group companies for the nine-year period 2019 - 2027 cannot be conferred to the current auditor EY, as the latter's mandate expires at the end of 2018 after nine years, the maximum period provided for by art. 17 of Legislative Decree 39, which can only be renewed or re-issued to the same auditor if at least four years have passed from the end of the previous mandate.

The following pre-selection criteria have been established. Prospective auditors must:

- be enrolled in the Register of Statutory Auditors at the Ministry of Economy and Finance;
- have an worldwide geographical network able to meet Saipem Group's requirements;
- have audited entities of comparable size and complexity to those of the Saipem Group, as can be deduced from the analysis of the main stock exchanges, and, as listed companies, are aware of the obligations they have towards supervisory authorities, first and foremost CONSOB. In particular, the review focused on companies listed on the Milan Stock Exchange FTSE MIB index and the New York Stock Exchange Dow Jones 30 equity index;
- have gained experience in the Engineering & Construction sector at main Saipem Group peers, as identified to be 16 companies by the Strategy and Market Analysis function of Saipem SpA.

The audit firms that meet all the aforementioned pre-selection requirements are: KPMG S.p.A. (hereinafter KPMG), PricewaterhouseCoopers S.p.A. (hereinafter PWC), Deloitte & Touche S.p.A. (hereinafter DELOITTE) and Ernst & Young Spa (hereinafter EY). The companies KPMG, PWC and DELOITTE have been deemed suitable for the purposes of the selection process and were therefore invited to tender. On November 13, 2017 Saipem received the bids from the three audit prospectors.

#### MANAGEMENT OF THE TENDER.

In compliance with company policies, the tender was carried out using a

“safety procedure”, applying the following IT systems:

- SAP: application used in initial phase of “tender request”;
- SRM: *E-Bidding* platform used for the “publication” and “transmission” of the tender request and other documentation to the prospectors. The platform was also used to receive technical and financial offers. The Board of Statutory Auditors and the Company have deemed it expedient to hold meetings with the single prospectors, to request further clarification/additional documentation relating to their bids.

The Board of Statutory Auditors, at dedicated meetings, supervised the overall and comparative analysis of the bids received on the basis of the scoring model prepared by the Company, evaluating in detail each offer, analysing, for each criterion, the individual distinctive and qualifying aspects of each firm.

These analyses took into account forecasts and/or indications of the Audit Supervisory Authorities (for example in terms of independence, compulsory insurance coverage, professionalism in the composition of their teams), as well as information and previous experience of the Company.

## BID EVALUATION

Before beginning the evaluation process, the Board of Statutory Auditors reviewed the set of evaluation criteria and found them to be appropriate to guarantee a transparent and traceable selection process.

The aforementioned evaluation criteria were meant to enhance both



qualitative elements (such as the Group's knowledge, the characteristics of the auditing firm and its network, the proposed methodological approach and the composition of the audit team), and quantitative elements (such as the breakdown of the man-hours and the areas of intervention).

These qualitative and quantitative elements were applied to a scoring model, which resulted in each bid receiving a score.

Key characteristics favoured quality and reliability of the work provided by the prospective auditors, and took into account the peculiarities of the Saipem Group.

Specifically, for an adequate assessment of the offers received and to appreciate the financial and technical elements of services offered, the Board of Statutory Auditors agreed to adopt the criterion of the most economically advantageous tender. This criterion provides that the final value attributed to the overall bid ("integrated price") is the combination of the technical score and the price offered. The best Integrated Price is obtained by adding to the price offered by the participants, a value (so-called "price integration") related to the difference between the score assigned to the technical aspects of each bid and the score given to the technically best offer.

The technical score allocated to each bidder based on the scoring model took into account the following criteria:

Criterion 1 – PROFESSIONAL RESPONSIBILITIES – Weight 30%.

The following were considered:

1.1 – EXPERIENCE AT PEER COMPANIES – Weight 50%: at which

Engineering & Construction or Drilling *Peers*, the prospectors worked auditing the Consolidated Financial Statements in the period 2010 – 2016.

1.2 – EXPERIENCE AT THE SAIPEM GROUP – Weight 40%:

measured in terms of amount invoiced for work other than the legal audit under tender, carried out at Saipem or Group Companies in the period 2010 – 2016.

1.3 – EXPERIENCE AT EUROSTOXX 50 COMPANIES – Weight 10%:

at which EuroStoxx50 index companies, the prospectors worked auditing the Consolidated Financial Statements in the period 2010 – 2016.

Criterion 2 – OPERATIVE APPROACH - Weight 15%.

The following were considered:

2.1 - RISK ASSESSMENT – Weight 12.5%: methods for identifying and assessing risks in terms of qualitative and quantitative factors that could potentially influence the reliability of the financial statements and the Internal Control System over Financial Reporting, as well as the use of the top-down risk approach applied to the internal control system of companies and processes and associated procedures.

2.2 – EVALUATION OF PROCESSES AND CONTROLS – Weight 7.5%: methods and operational tools used for the analysis and assessment of operating and support processes and associated control activities in line with the organizational structure and processes of the Saipem Group.

2.3 – COMPARATIVE ANALYSIS PROCEDURES – WEIGHT 7.5%:

main comparative analysis procedures (analysis of indexes and significant financial and economic trends) to be applied in the planning phase.

2.4 – AUDIT PROCEDURES – Weight 7.5%: nature, timing and scope of audit procedures and related information flows, and their ability to adapt to the organizational and process changes that will take place during the execution of the contract.

2.5 – ORGANISATION, CO-ORDINATION OF ACTIVITIES AND AUTONOMY OF THE CENTRAL TEAM – Weight 30%: methods and tools, including IT tools, used in the co-ordination, direction and supervision of activities and progress monitoring both within the individual audit teams and, above all, the Central Team's leadership role over companies in its network, allowing a timely and efficient management of the audit process and associated information flows as well as the centralized administrative management of the assignment.

2.6 – INDEPENDENT INTERNAL ASSESSEMENT PROCESS OF THE QUALITY OF AUDITS PERFORMED – Weight 10%: methodology used for internal quality control aimed at ensuring greater reliability of the audit work performed by the firm and consisting in an in-depth review of audit documents.

2.7 – TECHNOLOGY – Weight 15%: technical audit support tools used for the analysis and assessment of company processes and related control activities, and their ability to interact with the accounting and/or IT systems of the Saipem Group; availability of capabilities and innovative solutions to digitally automate data

collection and analyses and enhance audit natively-digital approaches to enhance efficiency and reduce costs.

2.8 – INFORMATION FLOWS – Weight 10%: information flows and associated documentation that will be made available to the corporate, control and/or supervisory bodies, with particular reference to the Management Letter (Letter of suggestions on the Internal Control System) and to the additional Report for the Board of Statutory Auditors in their capacity as Internal Control and Audit Committee required by art. 11 of (EU) Regulation 537/2014.

Criterion 3 – Professional experience of resources - Weight 35%.

The following sub-criteria were considered:

3.1 – EXPERIENCE AT PEER COMPANIES – Weight 40%: international experience at Peer Companies between 2012 and 2016 gained by Partners and Managers of the teams proposed to work at most significant Group companies.

3.2 – EXPERIENCE IN THE CONSTRUCTION/OIL & GAS SECTOR – Weight 35%: international experience (number of annual manager positions) in national and international companies in the Construction/Oil & Gas sector, as deemed significant by Saipem, gained in the period 2012-2016 by Partners and Managers of the teams proposed to work at most significant Group companies.

3.3 – AUDIT EXPERIENCE OF FINANCIAL ACCOUNTING ENTRIES – Weight 25%: international audit experience of financial accounting entries between 2012 and 2016 gained by Partners and Managers of the teams proposed to work at most significant Group

companies.

Criterion 4 – EFFORT - Weight 20%:

4.1 - EFFORT 2019 – 2020 – Weight 45%: the *effort* proposed by the bidders for the years 2019-2020 for the legal audit of the Financial Statements of Saipem Group companies compared to the reference *effort* identified by Saipem (rectified 2017 *effort*), where available, i.e. the contractual 2017 *effort* of the current legal auditor of the Group plus additional hours recognised by Saipem and the Group in 2016 for recurrent work.

4.2 - EFFORT 2021 – 2027 – Weight 55%: the *effort* proposed by the bidders for the years 2021-2027 for the legal audit of the Financial Statements of Saipem Group companies compared to the reference *effort* identified by Saipem, i.e. the average effort of all bidders.

The financial section of the scoring model provides for point being allocated to the amounts requested by each bidder for the relevant services.

Due to the significant audit work involved for the Saipem Group, the bidders were asked to submit offers that envisage a mix of professional figures focused on the presence of partners and managers (partners 10%, managers 35%, senior staff 30% and assistant staff 25%) compared to that indications provided in Consob Communication (partners between 4% and 7%, managers between 14% and 17%, Senior staff between 25% and 35% and Assistant staff between 41% and 57%).

## OUTCOME

The selection procedure was carried out for each bidder as follows:

- in the technical section, a specific score was given to each indicator, all indicators were then summed up and compared;
- in the financial section, scores were calculated applying the formulas of the scoring model.

The procedure weighed the aforementioned qualitative and quantitative factors and applied to the scoring model arrived at the following outcome:

KPMG : best integrated price.

PWC : second best integrated price, with a difference of 0.49%.

## FEE ADJUSTMENTS DUE TO EXCEPTIONAL AND/OR UNFORESEEN CIRCUMSTANCES

As indicated in the bid documentation, the fees envisaged for the performance of the assignment will be adjusted in relation to the rate of inflation, changes in the Group's scope and exceptional and/or unforeseen circumstances, that would require a greater or lesser number of man-hours and/or a different mix of professional qualifications.

## DECLARATIONS OF INDEPENDENCE

During the selection procedure, the Board of Statutory Auditors acquired from the bidders the statements required by the current legal provisions concerning the absence of situations that could call into question the independence of the bidders from the date the Shareholders' Meeting

confer the assignment.

\* \* \*

The Board of Statutory Auditors supervised the preparation and management of the tender procedure; in particular, the Board of Statutory Auditors:

- has obtained periodic and constant updates on the progress of the work carried out by the Work Group and by the Steering Committee;
- examined and shared the criteria for the pre-selection and identification of the vendor list, technical specifications, evaluation criteria of the bids defined in the Scoring Model and the contractual models;
- took part in the meetings when the technical and financial bids were opened;
- shared the results of the technical evaluation and the economic calculation of the offers received, also providing specific simulations on the basis of variables applied to the qualitative elements of the scoring model;
- filed on the BoardVantage IT platform all the relevant documentation, ensuring compliance with the regulations applicable to the tender process.
- received from the Company and filed the *“Note on the results of the tender procedure for the conferment of the legal audit mandate and additional services other than the legal audit of the companies of the Saipem Group for the nine-year period*

2019-2027" prepared in respect of the tender procedure.

Hence, the conferment of the legal audit mandate for the years 2019-2027, includes the following:

- (i) audit of the Statutory Financial Statements of Saipem SpA pursuant to articles 13 and 17 of Legislative Decree 39/2010;
- (ii) audit of the Consolidated Financial Statements, pursuant to articles 13 and 17 of Legislative Decree 39/2010;
- (iii) ensuring the regular keeping of the Company's accounting and the correct recording of accounting records pursuant to art. 14 of Legislative Decree 39/2010;
- (vi) limited audit of the interim report pursuant to Consob recommendations (no. 97001574/1997 and no. 10867/1997);

the Board of Statutory Auditors:

- based on the procedure it applied, the bids it received and their assessment and outcome;
- considering that art. 16, paragraph 2, of the Regulations provides that the reasoned opinion by the Board of Statutory Auditors must contain at least two options of conferment, and the preferred option with its justification,

proposes

to confer the legal audit mandate of Saipem SpA and the Saipem Group for the period 2019-2027 to the audit firm KPMG SpA for fees amounting to euro 33,765,052 corresponding to no. 587,498 man-hours for legal audit work and no. 46,194 man-hours for additional recurrent work, totalling no. 633,692 man-hours or, alternatively, to the audit firm



PWC for fees amounting to euro 38,810,633 corresponding to no. 595,041 man-hours for legal audit work and no. 37,671 man-hours for additional recurrent work, totalling no. 632,712 man-hours. The Board of Statutory Auditors expressed its preferred opinion in favour of KPMG, since the “*best integrated price method*” applied to the selection procedure determined, out of the aforementioned outcomes, this as the most financially advantageous offer.

The Board of Statutory Auditors confirms, pursuant to art. 16, paragraph 2, of the Regulations, that this proposal was not in any way influenced by third parties and that no contractual clause was applied as per art. 16, paragraph 6 of the Regulations.

The Board of Statutory Auditors”.

### **RESOLUTION PROPOSAL**

“Messrs. Shareholders,

you are asked to approve the proposal for the conferment of the legal audit mandate for the years 2019-2027, under the terms and conditions proposed by the Board of Statutory Auditors, which provide:

- firstly, to confer the legal audit mandate for the years 2019-2027 to the audit firm KPMG for fees amounting to euro 33,765,052 corresponding to no. 587,498 man-hours for legal audit work and no. 46,194 man-hours for additional recurrent work, totalling no. 633,692 man-hours and
- secondly, should the foregoing proposal not be approved, to confer the legal audit mandate for the years 2019-2027 to the audit firm

PWC, the second best bid, for fees amounting to euro 38,810,633 corresponding to no. 595,041 man-hours for legal audit work and no. 37,671 man-hours for additional recurrent work, totalling no. 632,712 man-hours”.

The Chairman

Paolo Andrea Colombo

(Translation for the readers' convenience only. In case of inconsistency, the Italian text shall prevail)



***Saipem's Board of Directors' recommendations to the Shareholders on the size  
and composition of the new Board of Directors***

**Saipem's Board of Directors' recommendations to the Shareholders on the size and composition of the new Board of Directors**

In compliance with the recommendations of art. 1.C.1, letter h) of the Corporate Governance Code of listed companies ("Corporate Governance Code"), which Saipem SpA adheres to, and taking into account that the mandate of the Board of Directors expires with the approval of the 2017 Financial Statements, the Board of Directors of Saipem SpA ("Saipem" or the "Company"), having:

- consulted the Board Committee "Corporate Governance and Scenarios", whose responsibilities include "formulating opinions to the Board of Directors regarding the size and composition of the Committee itself, and making recommendations on the professional profiles whose presence on the Board is deemed to be expedient";
- taken into account the outcome of the Board review for the year 2017;

in view of the renewal of the Board provides the following advice to Shareholders in terms of:

- the **size** of the new Board of Directors;
- the **composition**, i.e. the managerial and professional profiles whose presence on the new Board is deemed expedient.

**Introduction**

- On January 22, 2016, the shareholders' agreement signed on October 27, 2015 between Eni and Fondo Strategico Italiano - FSI (now CDP Equity) became effective, and its essential information was made public in compliance with the provisions of the law;
- Due to the changes in the shareholder composition that followed the introduction of the aforementioned Shareholders' Agreement, on January 22, 2016 Saipem ceased to be subject to the direction and coordination by Eni SpA, pursuant to art. 2497 (and subsequent amendments) of the Italian Civil Code;
- From that date, the Company has no longer been subject to the provisions of art. 16 of Consob Market Regulation adopted through Resolution No. 20249 of 28.12.2017 (formerly art. 37 of Consob Regulation no. 16191 of October 29, 2007), for "the listing of shares of subsidiaries subject to the management and coordination of other companies".<sup>1</sup>

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<sup>1</sup> Art. 16 (formerly art. 37 of Consob Regulation no. 16191 of October 29, 2007) of Market Regulations adopted through Resolution no. 20249 dated 28.12.2017 (Conditions that inhibit the listing of shares of subsidiary companies that are under the management and coordination of other companies):



Also with regard to the upcoming Board renewal, the provisions on gender balance as provided for by Law No. 120/2011, apply.

### **Size of the Board of Directors**

Saipem's Board of Directors considers:

- the current number of nine directors, the maximum provided for by the Articles of Association, to be appropriate because it ensures an adequate balance of skills and experience required by the complexity of the business of the Company and the Saipem Group and a balanced participation in board committees;
- the current ratio between executive (1), non-executive (8) and independent (6) Directors to be appropriate, as it ensures the effective functioning of the Board of Directors itself, while noting

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1. Shares of subsidiary companies that are under the management and coordination of other companies or entities cannot be listed on any Italian regulated market where their parent companies:

- a) have not fulfilled the publication obligations imposed by art. 2497-bis of the Italian Civil Code;
- b) have no independent negotiation capacity in their relations with clients and suppliers;
- c) have a cash pooling relationship with the company performing unitary management or another company of the group they belong to, and such a cash pooling relationship that is not in line with the corporate interest. The cash pooling relationship in line with corporate interest should be certified by the administrative body with a statement analytically stating the reasons; this declaration shall be verified by the control body;
- d) have no internal control committee composed of independent directors according to paragraph 2. Where set up, other committees recommended by codes of conduct on corporate governance promoted by operators of regulated markets or professional associations, shall also be composed of independent directors. Subsidiary companies that are under the management and coordination of another (Italian or foreign) company whose shares are listed on regulated markets are also required to set up a board of directors whose majority must be made up of independent directors. For the purposes of this letter d), directors of the company or entity responsible for the management and coordination of subsidiaries and directors of listed companies controlled by such a company or entity cannot be considered to be independent directors. Conversely, companies that have adopted the two-tier management and control system are required to set up an internal control committee in the framework of the supervisory board; the said committee shall meet the following requirements: i) it must include at least one board member appointed by the minority (if any); ii) all its members shall be independent according to paragraph 2.

2. For the purposes of this article, "independent directors" and "independent supervisory board members" shall mean:

- directors and board members fulfilling the independence requirements set forth in art. 148, paragraph 3, of the Consolidated Law, and any additional requirements identified in the procedures provided for by art. 4 of the Regulation adopted by CONSOB with Resolution no. 17221 of March 12, 2010 on transactions with related parties or any sectoral standard applicable due to the business activity the company carries out;
- if pursuant to art. 123-bis, paragraph 2, of the Consolidated Law, the company declares to have adopted a code of conduct promoted by the operator of a regulated market or professional associations that provides for independence requirements at least equal to those of art. 148, paragraph 3, of the Consolidated Law, then "independent directors" and "independent supervisory board members" shall mean all directors and board members that the company identifies as such pursuant to the code of conduct it has adopted.

3. Companies with listed shares that are under the management and coordination of other companies shall adapt to the provisions of paragraph 1, letter d), within thirty days of the first meeting for the renewal of the board of directors or supervisory board.

4. The subsidiary companies with listed shares that believe they are not required to fulfil the publication obligations referred to in paragraph 1, letter a), in the management report required under art. 2428 of the Italian Civil Code shall explain in detail the reasons why they believe not to be under the management and coordination of their parent company.

that as of January 22, 2016, the provisions of art. 16 (formerly art. 37) of the so-called Market Regulations no longer apply.

### **Composition of the Board of Directors**

The Board of Directors of Saipem, while wishing for substantial continuity for the next Board of Directors, also deems it necessary to strengthen the number, in terms of non-executive directors, of managerial profiles of international experience and with industrial skills - preferably from the sector in which the company operates, from contiguous sectors, or from the large contract-work sector – who are highly strategy and objectives oriented, and possess business judgment skills to support the management, consolidate and strengthen the strategic vision of the Board of Directors and allow it to increase its ability to interpret the evolution of market scenarios and assess new business opportunities.

The personal and professional characteristics deemed appropriate for the various roles within the Board of Directors, are for the most part in line with those currently found, as follows:

#### **The Chairman** should:

- have the authority and personal prestige to ensure the correct and transparent management of the Board of Directors' operations and be a guarantee figure for all Shareholders during the mandate;
- possess the personal characteristics to foster a strong team spirit and a strong sense of cohesion among the members of the Board of Directors;
- have adequate knowledge in matters of corporate governance, having gained previous significant experience while serving on - or preferably leading - boards of listed companies of the same complexity, size and international projection as Saipem's, and having shown, while holding those offices, a marked propension towards the issues of governance and sustainability;
- have economic and financial expertise and previous experience of extraordinary transactions, as well as experience in managing strategic issues and business specific matters at board of directors' level.

#### **The CEO** should:

- possess authority and recognised strategic vision, in addition to a deep knowledge of the energy market and its evolution;
- have gained significant and successful experience in top management positions at listed companies of similar complexity, size and international projection as Saipem;
- have significant technical expertise as well as economic and financial know-how;
- possess recognized leadership skills and a leading management style as well as the ability to foster team-spirit among its collaborators.

**The other seven Directors** should all be non-executive directors with an "adequate" number of independent directors, as required by the Corporate Governance Code. In this regard, the Board of Directors observes that having at least 4 independent directors would ensure that the Board committees as recommended by the Corporate Governance Code (the Audit and Risk Committee and the Nomination and Compensation Committee) be comprised of a majority of independent directors, avoiding the duplication of positions. Furthermore, they should:

- a) have **managerial** and/or **professional** profiles (as specified below), to create a set of different and complementary competences and experience, also taking into account the benefits deriving from having different genders, age groups, and seniority of offices within the Board;
- b) possess adequate seniority, i.e. proven experience in complex organizational enterprises in a business and/or professional and/or institutional context;
- c) have gained experience on the board of directors of preferably listed companies, of significant size and/or complexity;
- d) possess the necessary know-how to enable them to effectively participate in the work of the Board of Directors and the various Board Committees. For this purpose, the skills considered relevant are those acquired in the technical/commercial, and/or economic-financial, and/or risk management, and/or legal, and/or corporate governance, and/or sustainability, and/or digital innovation areas as well as in the technology and research sectors;
- e) have gained international experience.

Furthermore:

- **the management profiles** should:
  - have gained experience in positions of significant responsibility within industrial groups similar in size and complexity to Saipem and with international exposure and preferably from the sector in which the company operates, from contiguous sectors, or from the large contract-work sector;
  - possess business judgment skills and be strongly strategy and result-oriented, so as to provide effective support to the management and establish a constructive dialectical relationship with the latter;
- **the professional profiles** should:
  - have carried out their professional activities in large multinational industrial companies;
  - have gained experience in managerial positions at important professional practices, consulting firms or other public or private organizations, with international exposure.

As regards the presence on the Board of Directors of **academic or institutional profiles**, these should possess, in addition to the characteristics indicated in points b), c), d) and e), competences strictly and directly related to the business of the Company and the Saipem Group or associated issues.

In order to contribute to the activities of the Board of Directors with continuity of action and to actively participate in the life of the Company and to understand its operations, all candidates



should carefully consider the time they can devote to this office in relation to other positions they may already hold. They should also ascertain that their situation is in line with the policy adopted by Saipem in this regard.<sup>2</sup>

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<sup>2</sup> On February 26, 2018, Saipem's Board of Directors resolved to adopt the recommendations on the maximum number of offices that can be held by Board members.